

LOCAL GOVERNMENT
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8 April 2008

John Hawkins
Committee Secretary
Senate Select Committee on Housing Affordability in Australia
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir

RE: Submission to Senate Select Committee on Housing Affordability in Australia

Thank you for the opportunity to provide a submission to the above enquiry. The Local Government Association of Queensland (LGAQ) has been actively engaged in the issues surrounding housing affordability for some time and has been specifically involved in research and practical process improvement activities such as the Smart eDA project in partnership with the Queensland Government and PD Online project in South East Queensland Councils.

The LGAQ provides the attached research documents as its primary submission to the enquiry and would welcome the opportunity to provide evidence at an appropriate future public hearing:

1. Assessment of the Factors Influencing Housing Affordability in Queensland, LGAQ, November 2006;
2. Residential Lot Supply and Demand in South East Queensland, LGAQ, September 2006;
3. Development Application Survey, LGAQ, August 2007;
4. The Implications of Amendments to Queensland's Infrastructure Charging Regime under the Integrated Planning Act 1997, LGAQ, October 2006.

While the attached reports provide an excellent summary and detailed analysis of the issues, the LGAQ wishes to reinforce the following matters in support of its position:

1. Current development industry proposals narrowly focus on greater land availability and reduced infrastructure charges as a key to improving housing affordability and ignore more significant issues such as macro-economic policy settings and market fundamentals (e.g. finance availability, construction sector labour shortages, increased speculation, wages growth, costs of living etc);



2. According to recent research, Queensland aggregate government charges (including infrastructure charges, transfer duties, GST & other compliance costs) accounted for 22.5% of the typical cost of a new house and land package in Queensland in 2005, however infrastructure charges account for just 3.8% (LGAQ, October 2006);
3. Any government funding, such as that to be provided as part of the recently announced Housing Affordability Fund, used to offset housing costs must be designed to ensure that these savings are passed directly or indirectly to home owners. Proposals which cannot guarantee the transfer of these savings, or simply rely on market forces to do so, should not be supported;
4. There is a need and a potential in Queensland for the State Government as part of its current planning reform process to amend State Planning Policy 1/07 Housing and Residential Development, Section 2 "Effect of the Policy", to extend its application to the development assessment process and to set parameters of housing need for which conditions might be applied to improve housing affordability at the discretion of local governments.
5. Land release figures show that the rate of developer production of lots has been 30% below the rate of Council approvals (LGAQ November, 2006);
6. Approximately 10% of approvals granted to developers in Queensland lapse because developers have not commenced development within the relevant statutory time frame (LGAQ November, 2006).
7. Industry has consistently expressed concerns over the level of infrastructure charging by local government and it will be important for the Senate Select Committee to access the independent reviews of infrastructure charging being undertaken by the Queensland Competition Authority. Local government legitimately and transparently recovers the cost of infrastructure from developers and does not use this process as a defacto revenue raising exercise.
8. Increased engagement with local government as a partner in the housing affordability policy arena is welcome.
9. There are many excellent examples, nationally and internationally, of governments, non-government organisations and the private sector working together to provide affordable housing options. There is a need to consolidate and share this information and relevant case studies, possibly through a national information portal.

LGAQ's contact in relation to the submission is Mark Myerson, Director Environment and Planning on (07) 3000 2237 or mark_myerson@lgaq.asn.au .

Yours sincerely

Greg Hoffman PSM
DIRECTOR, POLICY & REPRESENTATION